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Maricopa County Financial & Personnel Results Report 2nd Quarter FY 2001-02
Prepared by the Office of Management & Budget



Maricopa County Officials

Board of Supervisors

Don Stapley, Chairman
District 2

Fulton Brock
District 1

Andrew Kunasek
District 3

Janice K. Brewer
District 4

Mary Rose Garrido Wilcox
District 5

County Administrative Officer

David R. Smith

Deputy County Administrator

Sandra L. Wilson

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Introduction

Achieving Countywide strategic performance results, increasing employee job satisfaction and providing a better quality of life for employees, requires successful financial and personnel resource accountability. The 2nd Quarter Financial and Personnel Results Report for FY 2001-02 provides management with the tools necessary to achieve organization objectives and measurable results in order to assess emerging personnel trends and make informed decisions. Accomplishing personnel strategies and improving accountability processes requires successful management of funded positions, administration and control of staffing resources and financial and personnel decision-making based upon accurate and timely data. The Office of Management and Budget (OMB) works to provide this information and ensure full funding for all positions through the Funded Position Policy and the Lump Sum Budgeting Guidelines used in preparation of the annual budget.

Maricopa County's financial and personnel resource strategies focus on the recruitment and retention of productive employees. Retaining highly productive and accomplished employees requires alignment of employee performance with a personal commitment and cooperation in attaining Countywide objectives. Crucial elements of these processes include:

- Compensation, including wages, benefits and employee leave programs.
- Development of employee relations programs.
- Ongoing development and maintenance of programs, processes, services, resources, and training to enhance the health, morale, productivity, and organizational knowledge of employees Countywide.

The operational and financial impact of human resources issues, trends, position control, recruitment and staff retention are contained in the following sections:

- Highlights
- Personnel Costs & Savings
- Attrition (Turnover Rates) & Vacancy Rates
- Employee Retention
- New Directions

Information concerning departments with small numbers of employees (less than 25) should be used with extreme caution. A change of one or two vacancies, positions or terminations reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.

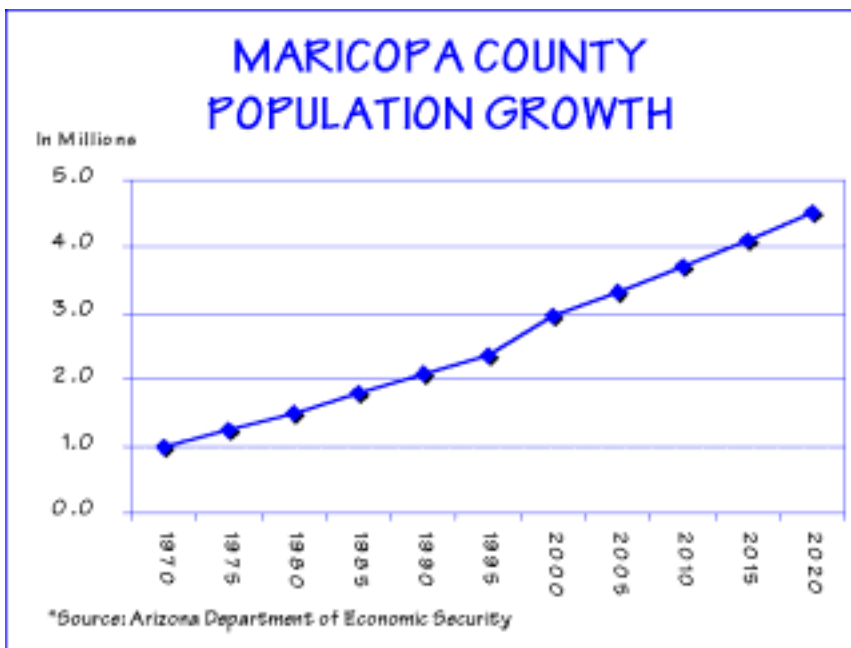
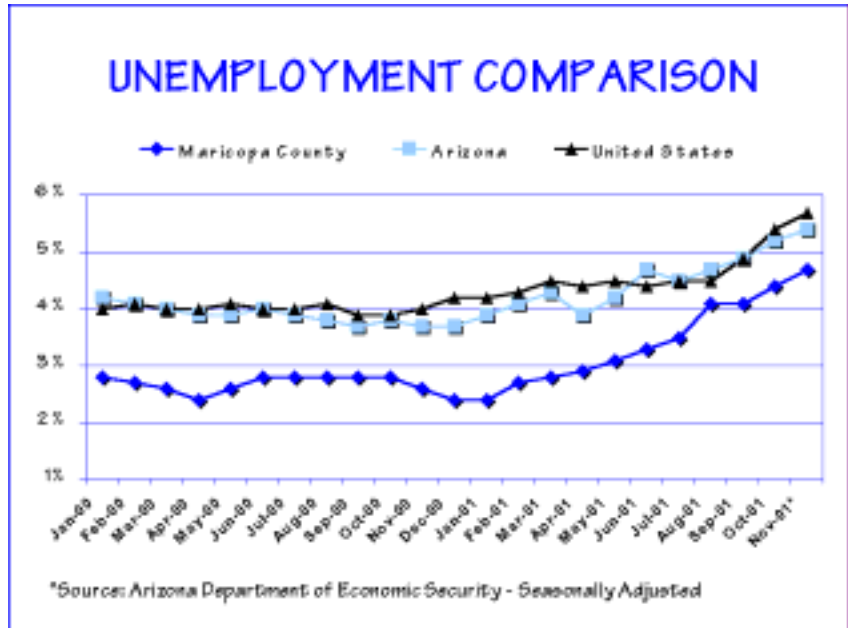


Highlights

The current economic slowing, which began in the spring of 2001, further compounded by the events of September 11, 2001, appears to have positively and negatively impacted Maricopa County's financial and personnel resources. Major changes occurring YTD FY 2001-02 include decreases in employee separations resulting in higher retention of quality employees, shorter turnaround times in filling vacant positions, increased health care personnel expenditures and increased vacancy rates.

Maricopa County's unemployment continues to rise, as shown on the chart at right, although at a lower rate than either the state or the nation.

As the job market tightens with rising unemployment, employee departures have dropped off by 2.4% over the past nine months in the Western region of the United States. This, according to the Bureau of National Affairs, Inc., holds true for employers in all major industry sectors.



Over the past century, periods of recession have not affected Maricopa County's economy at the employment level as quickly or stringently as the rest of the nation. This may be due to the County's continued strong population growth¹.

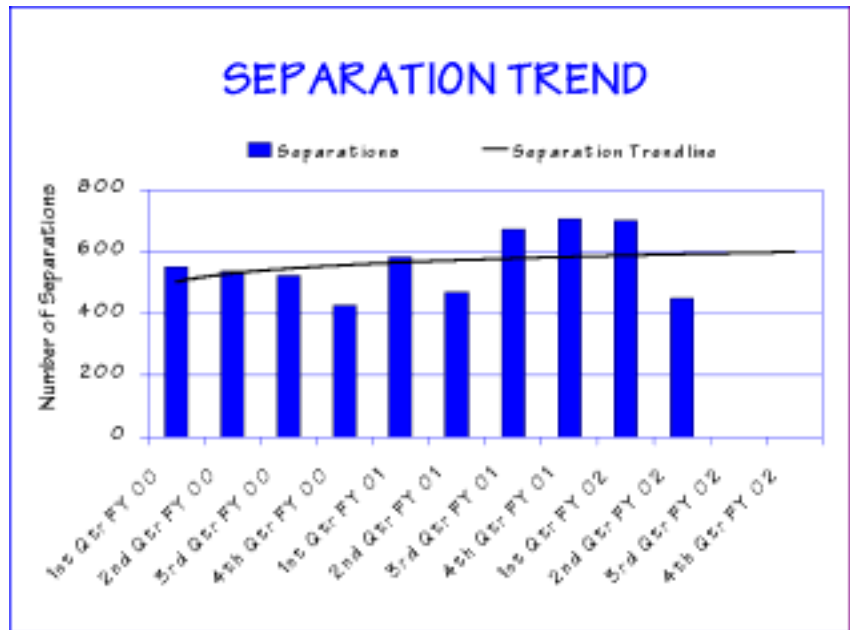
The chart at left demonstrates the sustained population growth over the past three decades and projected growth through the year 2020.

¹ According to Elliott D. Pollack and Company, *Arizona Blue Chip*, December 2001.

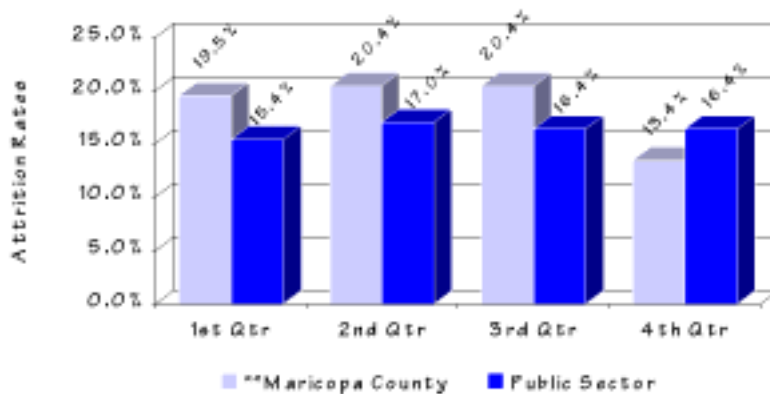


The rising trend in employee separations appears to be leveling off, as shown on the chart at right.

Separations dropped significantly during the 2nd quarter FY 2001-02. 28% of all separations during the 2nd quarter came from the Maricopa Health System and 14% occurred in the Sheriff's Office.



BNA, INC., ATTRITION FORMULA QUARTERLY COMPARISON*



*Attrition Calculations for 2001 Calendar Year; BNA, Inc., 4th Quarter Unavailable.

**BNA, Inc., Attrition Formula Calculation Applied to Maricopa County.

Employee separations drive the Bureau of National Affairs, Inc., (BNA, Inc.), calculation of attrition. The BNA, Inc., formula used throughout this report compares the number of separations to the average number of regular positions filled and annualized. The calculation excludes reductions-in-force.

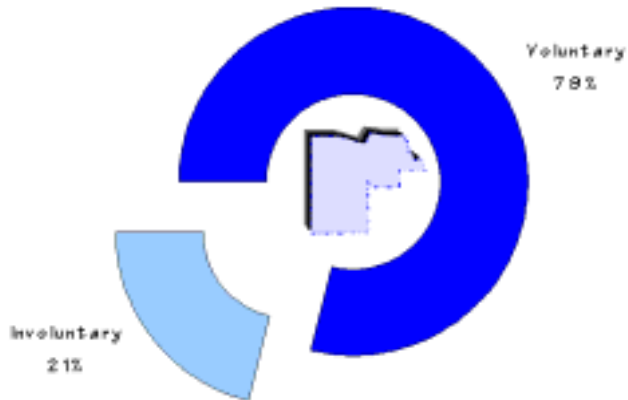
Maricopa County's BNA, Inc., calculated attrition rate declined significantly during the 4th quarter of the 2001 calendar year, as seen on the chart at left. This reduction in the County's attrition corresponds to

a significant reduction in the number of employee separations during the quarter ending December 31, 2001, and may also be a result of the current state of economic uncertainty. Employee attrition, as a result of employee separations, remains a major concern for employers nationwide. Replacing quality employees may involve additional hiring and training costs, possible service disruptions, and increased workloads for existing employees.

Separations, or the number of employees leaving the County, are classified as either voluntary or involuntary. Voluntary separations may result due to employee satisfaction issues. The higher the voluntary separation rates the higher the financial and operational impact to County departments. Involuntary separation increases may reflect personnel training, recruitment or performance issues.



MAJOR SEPARATION CATEGORIES YTD 2ND QUARTER FY 2001-02

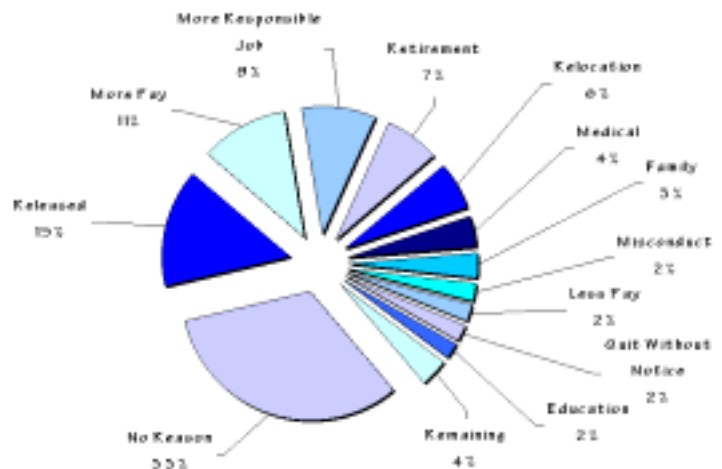


79% of YTD 2nd quarter FY 2001-02 employee separations were voluntary and 21% were involuntary, as shown on the chart at left.

Separation reasons provide management with an opportunity to assess and resolve staffing issues such as employee retention and impacts to customer service.

As shown on the chart at right, the majority of voluntary separations were for more pay, more responsible jobs, and retirement and relocation reasons. Involuntary separations were due to employees being released during their probationary period or for misconduct or violation of rules. Additional separation information may be found in the employee retention section of this document.

YTD 2ND QUARTER FY 2001-02 SEPARATIONS BY REASON

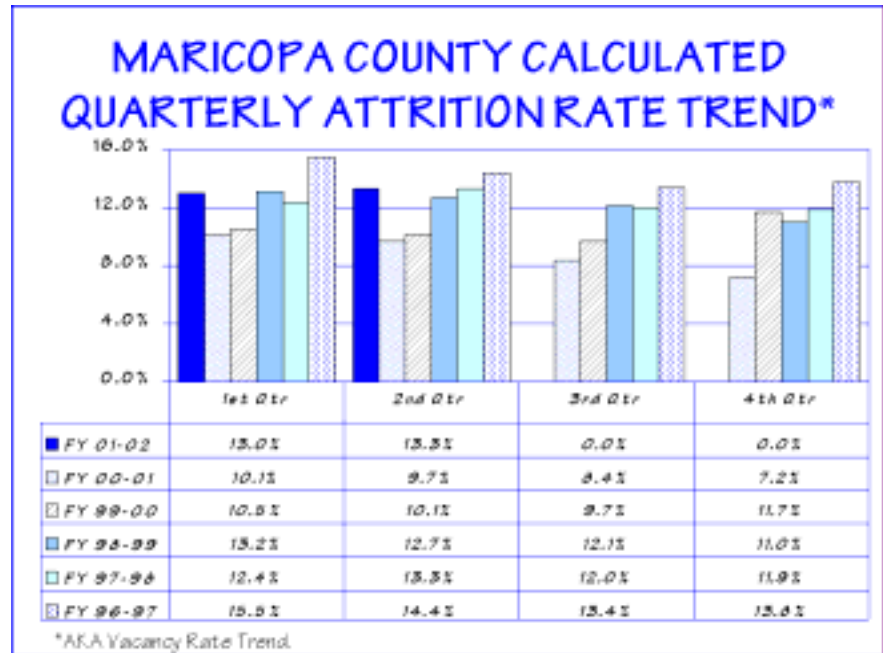




Maricopa County utilizes another formula for calculating attrition, referred to as the Maricopa County calculated attrition. This formula compares the number of vacant positions to the total number of positions authorized in the budget process. This formula may also be used when describing vacancy rates.

As demonstrated on the chart at right, the 13.3% attrition rate for the 2nd quarter of FY 2001-02 increased to its highest level since the 2nd quarter of FY 1997-98 when it, too, was 13.3%.

The rise in attrition between the 1st and 2nd quarter FY 2001-02 appears to be primarily due to an increase in the number of Maricopa Integrated Health System positions added after September 30, 2001. Most of these new positions remained vacant as of December 31, 2001.



The table below lists the departments with average YTD 2nd quarter FY 2001-02 attrition, or vacancy rates higher than the County's 13.2% average as compared to their average annual attrition for FY 2000-01.

MARICOPA COUNTY CALCULATED ATTRITION/VACANCY RATE COMPARISONS			
Department	2nd Quarter FY 2001-02 Attrition	Average FY 2000-01 Attrition	Increase (Decrease)
Health Care Mandates	36.0%	34.3%	2.3
Maricopa Health System	29.1%	19.0%	10.1
Correctional Health	25.8%	14.0%	16.8
Maricopa Health Plan	23.3%	19.2%	4.1
Superintendent of Schools	21.1%	5.0%	16.1
Public Health	16.6%	11.2%	5.4
Housing	16.5%	18.4%	(1.9)

Maricopa County's YTD 2nd quarter FY 2001-02 gross actual personnel savings² for all funds (excluding grants) of \$20.9 million represents a 6.9% savings over budget. General Fund YTD 2nd quarter FY 2001-02 gross actual personnel savings of \$15.1 million represents an 7.2% savings over the General Fund budget.

² Personnel savings are grouped by fund in this document. The General Fund is a general operating fund set-up to account for the resources and uses of general governmental operations of the County. Taxes provide most of these resources. Enterprise funds are accounted for in a method similar to private business enterprise, where user fees are intended to recover expenditures. Special Revenue Funds are restricted to use by statute and local policy. The personnel savings section of this document places emphasis upon General Fund personnel savings. This fund has the greatest impact upon the citizens of Maricopa County. All other sections of this document which make reference to personnel savings include all funds (excluding grants).



The chart at right compares 2nd quarter FY 2001-02 personnel savings results for all funds (excluding grants) to those of the General Fund.



General Fund YTD 2nd quarter FY 2001-02 departments showing the highest gross personnel savings are provided on the table below³.

GENERAL FUND MAJOR GROSS PERSONNEL SAVINGS BY DEPARTMENT	
Sheriff	\$ 2,051,578
County Attorney	\$ 1,699,654
Clerk of Superior Court	\$ 1,000,285
Indigent Representation	\$ 709,041
Justice Courts	\$ 680,125
Superior Court	\$ 458,876
Juvenile Probation	\$ 352,245
Assessor	\$ 346,802
Facilities Management	\$ 325,914
Public Health	\$ 305,461

The Board of Supervisors approved 10,907 salary advancements⁴ YTD 2nd quarter of FY 2001-02. This total is up by approximately 450 from the same period of time last fiscal year. The increase in the number of salary advancements is primarily due to the Maricopa Integrated Health System (MIHS) increases. Of 2,407 MIHS employees effective 12/31/01, 2,222 or 92.3% received salary advancements averaging 5.3%, a 1.7% increase in the average percent of advancement issued over the same period last fiscal year.

The Countywide average percentage given of 5.8% is up nearly 1% from the 1st half of FY 2001. This increase is primarily due to compensation Results Initiative Requests (RIR's) that were funded to implement the market studies performed last spring.

³ Medical Eligibility personnel savings are included in the 2nd quarter totals. Due to the department transfer to the State of Arizona, effective October 2001, the department savings are not listed individually.

⁴ Salary advancements include all personnel actions, such as job reclassifications, special salary advancements, grade adjustments, performance increases, etc.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 2ND QUARTER FY 2001-02



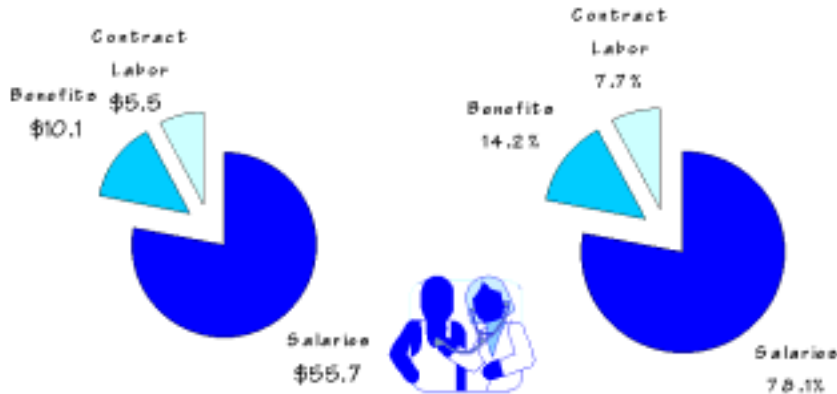
YTD 2nd quarter major salary advances completed through December 31, 2001 are listed on the table below.

Department Name	Number of Advancements 1st Half FY2002	Annualized Cost 1st Half FY2002	Average Increase 1st Half FY2002
Adult Probation	657	\$650,540	3.5%
Animal Care and Control	10	\$16,794	6.4%
Assessor	278	\$205,092	2.9%
BOS District 1	1	\$4,306	18.4%
BOS District 2	2	\$13,476	22.2%
Chief Information Officer	55	\$79,934	4.1%
Clerk of Board of Supervisors	1	\$1,968	10.0%
Clerk of Superior Court	566	\$633,682	5.7%
Community Development	10	\$22,754	8.8%
Constables	6	\$5,309	3.6%
Correctional Health	18	\$23,595	4.8%
County Administrative Officer	7	\$14,613	4.7%
County Attorney	853	\$2,305,804	8.5%
County Call Center	22	\$30,364	6.5%
Criminal Justice Facilities Development	4	\$9,535	5.4%
Elections	39	\$110,963	12.9%
Emergency Management Svcs	9	\$12,626	5.9%
Environmental Services	191	\$256,335	6.6%
Equipment Services	57	\$72,924	4.2%
Facilities Management	159	\$209,435	5.0%
Finance	1	\$2,757	4.0%
Flood Control District	2	\$13,376	19.9%
Health Care Mandates	1	\$6,419	29.3%
Housing	15	\$18,490	5.5%
Human Resources	72	\$81,939	3.8%
Human Services	296	\$605,145	9.3%
Indigent Representation	469	\$1,283,914	8.0%
Integrated Criminal Justice Info System	5	\$8,084	2.4%
Internal Audit	11	\$6,953	2.0%
Judicial Mandates	37	\$91,041	6.6%
Justice Courts	164	\$110,879	2.9%
Juvenile Probation	392	\$426,408	4.2%
Library District	137	\$437,659	16.6%
Management & Budget	10	\$18,481	4.4%
Materials Management	29	\$30,483	3.5%
Medical Eligibility	201	\$320,086	6.6%
Medical Examiner	46	\$86,537	5.7%
Parks & Recreation	21	\$50,576	8.8%
Planning & Development	47	\$66,605	4.9%
Public Health	365	\$362,639	5.4%
Recorder	43	\$106,531	10.6%
Risk Management	17	\$27,329	4.3%
Sheriff	2,145	\$4,092,091	5.7%
Solid Waste Management	3	\$3,851	3.0%
Stadium District MLB	2	\$4,855	5.4%
Superintendent of Schools	1	\$8,626	10.0%
Superior Court	727	\$849,989	4.2%
Telecommunications	29	\$59,383	8.0%
Transportation	405	\$499,277	4.4%
Treasurer	47	\$56,784	4.0%
TOTALS	10,907	\$17,843,513	5.8%



MARICOPA HEALTH SYSTEM PERSONNEL & CONTRACT LABOR

(\$ in Millions)



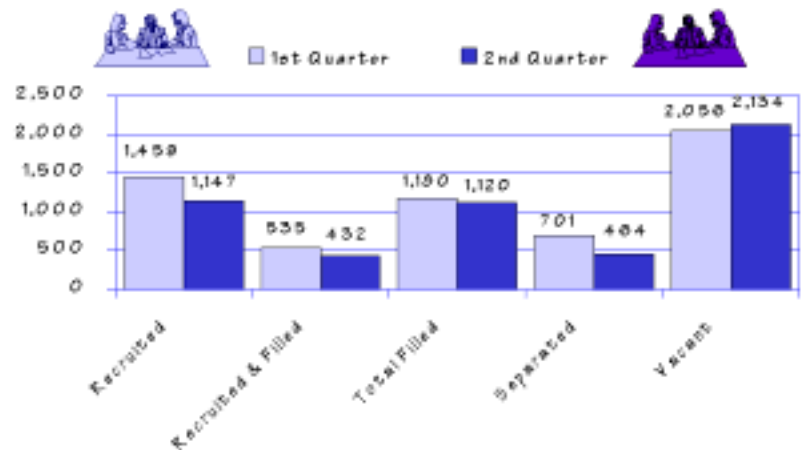
Due to the high vacancy rates in the health care industry, the County must continue to rely upon more costly and erratic contract labor to meet customer demands. Total Adjusted Patient Days are 2,294 over budget.

As shown on the chart at left, total contract labor YTD 2nd quarter of FY 2001-02 represents 7.7% of the Maricopa Health System workforce, down nearly 1% from the 1st quarter.

The chart at right provides a Countywide comparison of quarterly recruitment results. As mentioned previously in this report, the numbers of vacant positions are up due to increases in newly authorized positions in the healthcare arena.

37.7% of 2nd quarter (newly) recruited positions were filled vs. 36.7% during the 1st quarter, a 1% increase. Separations were down 66.2%, which may be due to positive employee satisfaction combined with economic uncertainties. 2,134 positions remained vacant as of December 31, 2001.

MARICOPA COUNTY FY 2001-02 QUARTERLY RECRUITMENT RESULTS



Maricopa County strives to meet staffing objectives while increasing resource accountability through an ongoing commitment to attract and retain highly qualified, diversified and satisfied employees. The County maintains a value-added compensation plan, leave plan and employee programs that provides competitive salary, wages and benefits, creative recruitment and innovative retention strategies. One of the major areas recently addressed focuses upon employee benefits, in order to increase employee satisfaction and maintain a competitive edge.



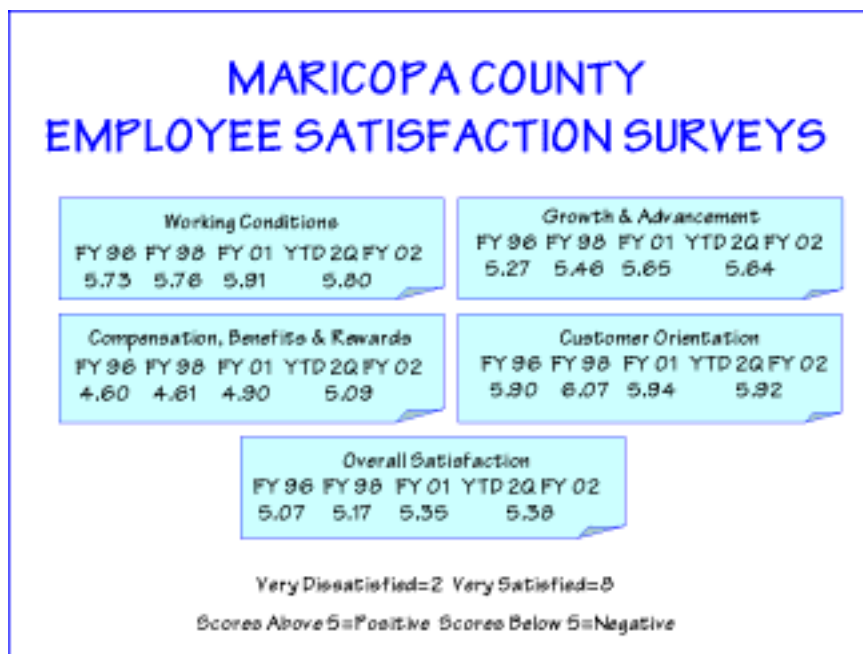
In the face of a 17% premium increase from CIGNA HEALTHPLAN for the calendar year 2002, Maricopa County redistributed the cost contribution rate as follows, in order to offset the increase:

- Maricopa County adjusted the cost relationship between single/employee only, child and spouse contract rates.
 - 93% - For all employee only coverage (95% previously).
 - 73% - For all dependent coverage i.e., spouse and/or children, (71% previously).

New benefit contracts were negotiated, increasing product enhancements without additional cost to employees or the County as follows:

- Added new Life Insurance vendor, UNUM Life Insurance and added product enhancements while providing a cost saving in excess of \$364 thousand based on budgeted volume.
- Added new vision vendor, AVESIS, offering employees an annual benefit without paying a higher premium and out-of-network option. Including the enhancements the contract savings was over \$77 thousand.
- Added new pre-paid dental services vendor: Employer's Dental Services (EDS). This product gave Maricopa County a savings of over \$67 thousand.

Valuable experience is lost when employee separations increase. This results in costly recruitment and training, while adversely impacting customer confidence. Maricopa County's emphasis on employee satisfaction is geared to stem the flow of quality individuals leaving its employ.



Maricopa County Employee Satisfaction Surveys provide management with critical information necessary to recruit and retain productive employees.

The County is moving forward in resolving retention and other employee issues, as addressed in the chart at left comparing FY 96 Employee Satisfaction Survey results to those of FY 98, FY 01 and YTD 2nd quarter FY 02. All areas of employee satisfaction remain relatively stable except for *working conditions*, which decreased 0.09 points and *compensation, benefits and rewards*, which increased 0.19 points. Although the survey

results are well above the 5.00 score, any decrease YTD 2nd quarter FY 02 alerts management to possible issues that need to be addressed.

Maricopa County's focus upon recruiting and retention strategies, along with results oriented performance, enables management to place a high value on its employees, provide quality customer directed services and achieves organization-wide objectives. Providing diversified employee compensation options in this tightening economy are key to retaining employees.



Personnel Costs & Savings

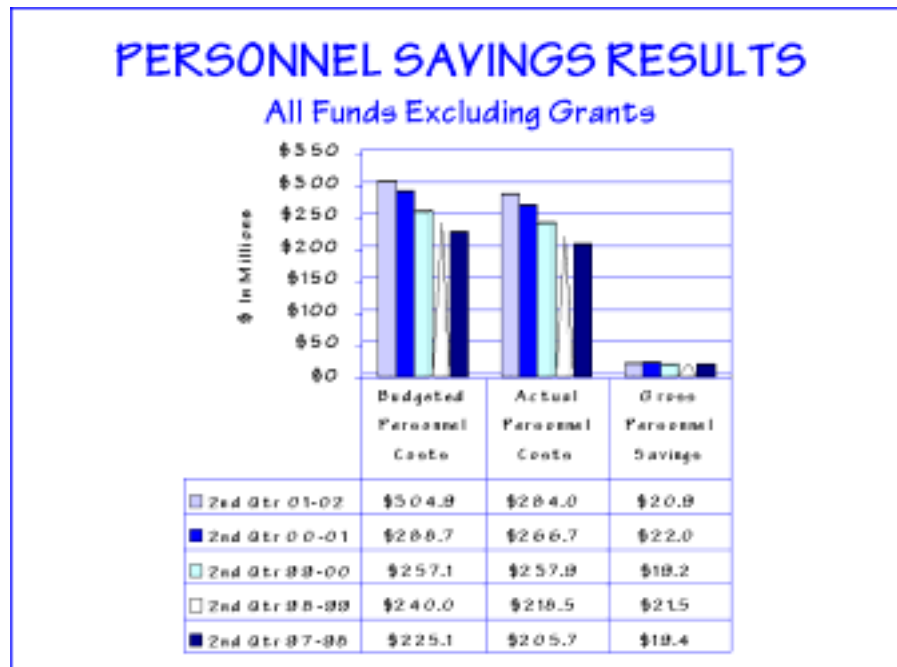
YTD 2nd quarter FY 2001-02 actual personnel costs for all funds (excluding grants) total \$306.6 million and gross actual personnel savings for all funds total \$20.9 million. Gross actual personnel savings represent 6.9% of total personnel costs. The table below compares actual personnel savings to budget.

MARICOPA COUNTY YTD 2ND QUARTER FY 2001-02 PERSONNEL SAVINGS - ALL FUNDS						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$304,859,695	\$283,964,908	\$20,894,787	6.9%	\$13,320,701	\$7,574,086	56.9%

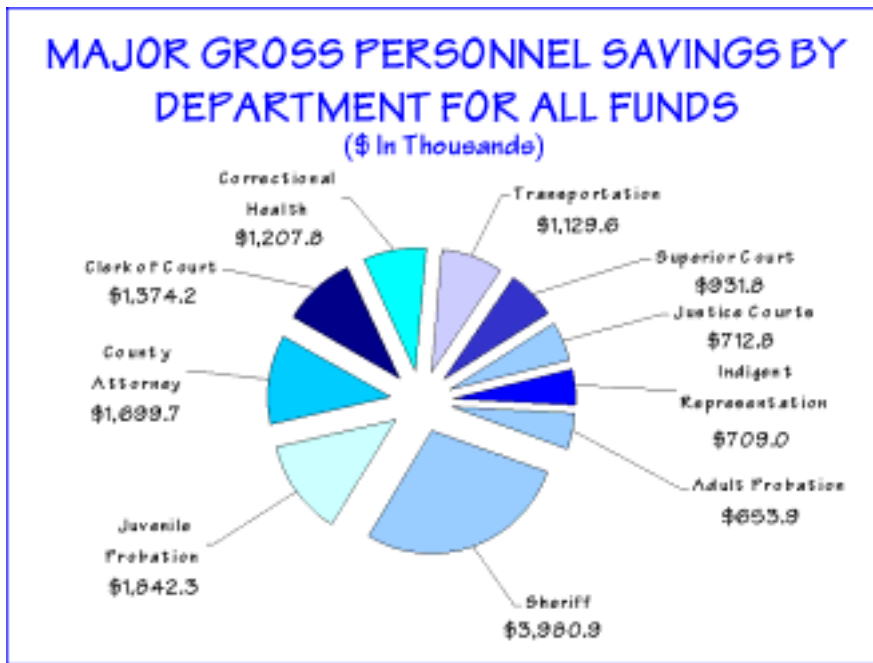
Personnel savings result when positions remain vacant, the actual pay of a position's incumbent is lower than budgeted, or when compensation plan funding remains unused.

The chart at right provides five years of 2nd quarter personnel savings results. Budgeted and actual personnel costs have steadily increased as have the number of authorized positions. The table below provides position information for comparison.

It should also be noted that the population in Maricopa County increased approximately 8% since December 31, 1998.



Maricopa County Regular Employees				
	12/31/1998	12/31/1999	12/31/2000	12/31/2001
Number Authorized Positions	13,739	14,337	15,287	16,001
Number of Employees	11,995	12,833	14,033	13,867



The chart at left shows the YTD 2nd quarter FY 2001-02 major gross personnel savings by department for all funds.

The table below shows major departmental savings as a percent of the total gross personnel savings. The departments shown represent \$14.3 million or 68.4% of the total gross personnel savings of \$20.9 million, which leaves \$6.6 million divided amongst the remaining 47 departments.

Department	Gross Personnel Savings	% Total Gross Personnel Savings
Sheriff	\$ 3,980,869	16.3%
Juvenile Probation	\$ 1,842,277	7.6%
County Attorney	\$ 1,699,654	7.0%
Clerk of Superior Court	\$ 1,374,198	5.6%
Correctional Health	\$ 1,207,834	5.0%
Transportation	\$ 1,129,553	4.6%
Superior Court	\$ 931,750	3.8%
Justice Courts	\$ 712,761	2.9%
Indigent Representation	\$ 709,041	2.9%
Adult Probation	\$ 653,909	2.7%

The Maricopa Health System represents 23.1% of Maricopa County's YTD 2nd quarter FY 2001-02 actual personnel costs for all funds excluding grants. The table below provides 2nd quarter personnel results for the Maricopa Health System. The negative variance is due to unexpectedly high patient day volume during October and November 2001.

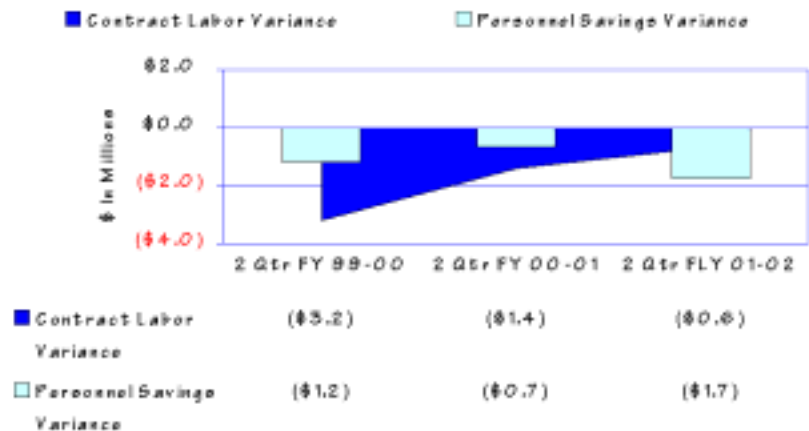
Maricopa Health System YTD 2nd Quarter FY 2001-02 Personnel Results			
Budget Personnel Costs	Actual Personnel Costs	Gross Personnel Savings to Budget	% Gross Personnel Savings to Budget
\$64,099,812	\$65,847,638	(\$1,747,826)	(2.7%)



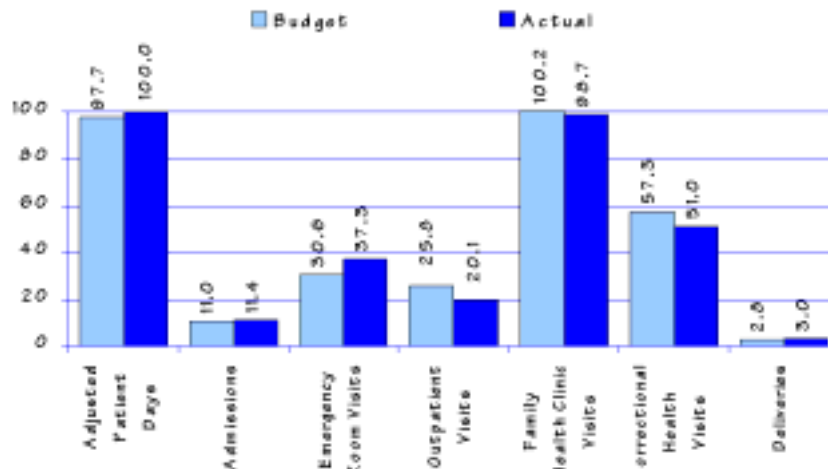
Maricopa Health System shows a (\$1.7) gross actual personnel savings variance YTD 2nd quarter FY 2001-02. MHS FY 2001-02 contract labor also showed a budget overrun of (\$0.6).

The chart at right shows Maricopa Health System contract labor and personnel savings variances for the 2nd quarter FY 1999-00, FY 2000-01 and FY 2001-02.

MARICOPA HEALTH SYSTEM CONTRACT LABOR VS. PERSONNEL SAVINGS



MARICOPA HEALTH SYSTEM 2ND QUARTER OPERATIONS RESULTS



The growing demands for service continue to place additional burdens on the health system. The chart at left shows that adjusted patient days, admissions, emergency room visits and deliveries are all expanding.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 2ND QUARTER FY 2001-02



General Fund YTD 2nd quarter FY 2001-02 actual personnel cost total \$208.9 million and gross actual personnel savings total \$15.1 million. Gross actual personnel savings represent 7.2% of total personnel costs. The table below compares actual personnel savings to budget:

MARICOPA COUNTY YTD 2ND QUARTER FY 2001-02 PERSONNEL SAVINGS - GENERAL FUND						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$208,874,443	\$193,779,900	\$15,094,543	7.2%	\$7,694,545	\$7,399,998	96.2%

The table below shows the General Fund YTD 2nd quarter FY 2001-02 personnel savings by department, **excluding General Government**.

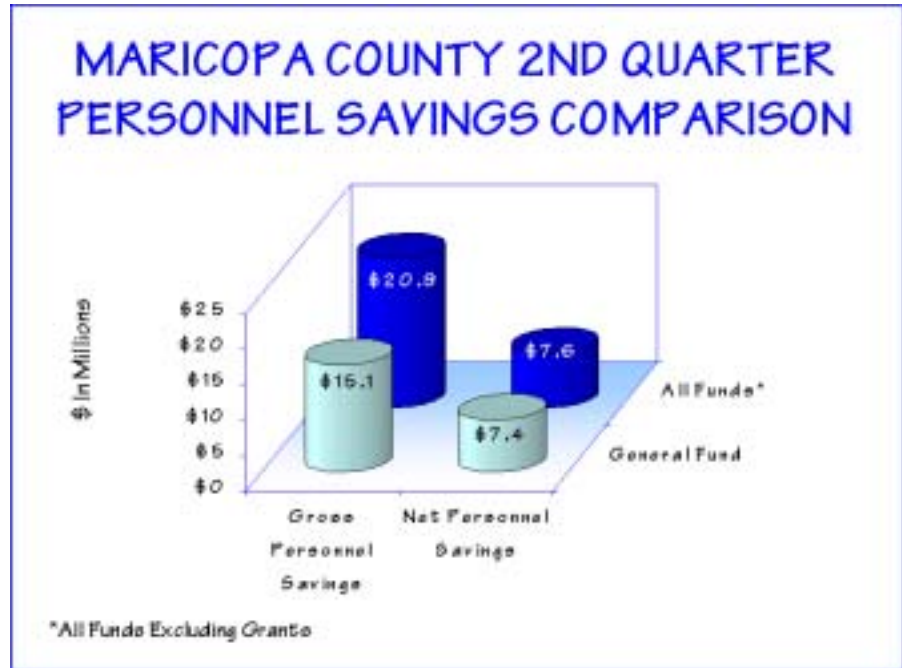
GENERAL FUND PERSONNEL SAVINGS YTD 2ND QUARTER FY 2001-02

AGENCY NAME	GROSS BUDGET PERSONNEL COSTS	ACTUAL PERSONNEL COSTS	GROSS PERSONNEL SAVINGS	BUDGETED PERSONNEL SAVINGS	NET ACTUAL PERSONNEL SAVINGS	GROSS ACTUAL VARIANCE TO BUDGET
ADULT PROBATION	5,345,686	5,154,321	191,365	186,813	4,552	3.6%
ANIMAL CONTROL SERVICES	98,984	49,494	49,490	-	49,490	50.0%
ASSESSOR	6,411,833	6,065,031	346,802	311,454	35,348	5.4%
BOARD OF SUPERVISORS CLERK	187,691	173,927	13,764	-	13,764	7.3%
BOARD OF SUPERVISORS DISTRICT 1	111,192	105,635	5,557	-	5,557	5.0%
BOARD OF SUPERVISORS DISTRICT 2	102,801	91,114	11,687	-	11,687	11.4%
BOARD OF SUPERVISORS DISTRICT 3	107,358	100,367	6,991	-	6,991	6.5%
BOARD OF SUPERVISORS DISTRICT 4	99,121	89,501	9,620	-	9,620	9.7%
BOARD OF SUPERVISORS DISTRICT 5	106,786	107,995	(1,209)	-	(1,209)	(1.1%)
CHIEF INFORMATION OFFICER	2,033,633	1,851,603	182,030	120,036	61,994	9.0%
CLERK OF SUPERIOR COURT	9,884,581	8,884,296	1,000,285	556,260	444,025	10.1%
CONSTABLES	734,521	731,240	3,281	-	3,281	0.4%
COUNTY ADMINISTRATIVE OFFICER	580,310	430,087	150,223	16,617	133,606	25.9%
COUNTY ATTORNEY	19,045,144	17,345,490	1,699,654	683,192	1,016,462	8.9%
COUNTY CALL CENTER	570,068	518,965	51,103	24,687	26,416	9.0%
ELECTIONS	1,473,259	1,270,215	203,044	58,068	144,976	13.8%
EMERGENCY MANAGEMENT	34,444	25,880	8,564	5,089	3,475	24.9%
ENVIRONMENTAL SERVICES	284,443	263,292	21,151	4,595	16,556	7.4%
FACILITIES MANAGEMENT	4,617,863	4,291,949	325,914	300,806	25,108	7.1%
FINANCE	934,662	778,637	156,025	45,125	110,900	16.7%
HEALTH CARE MANDATES	1,069,255	793,259	275,996	38,314	237,682	25.8%
HUMAN RESOURCES	1,874,740	1,778,142	96,598	53,810	42,788	5.2%
HUMAN SERVICES	181,415	162,060	19,355	-	19,355	10.7%
INDIGENT REPRESENTATION	14,213,404	13,504,363	709,041	467,883	241,158	5.0%
INTERNAL AUDIT	493,575	478,910	14,665	8,992	5,673	3.0%
JUDICIAL MANDATES	1,105,561	1,021,258	84,303	75,948	8,355	7.6%
JUSTICE COURTS	6,426,645	5,746,520	680,125	266,542	413,583	10.6%
JUVENILE PROBATION	4,952,567	4,600,322	352,245	139,387	212,858	7.1%
MANAGEMENT & BUDGET	799,565	711,837	87,728	41,338	46,390	11.0%
MATERIALS MANAGEMENT	671,342	653,199	18,143	52,202	(34,059)	2.7%
MEDICAL ELIGIBILITY	6,024,310	2,719,754	3,304,556	1,564,541	1,740,015	54.9%
MEDICAL EXAMINER	1,757,139	1,484,150	272,989	101,401	171,588	15.5%
PARKS & RECREATION	632,670	481,188	151,482	34,234	117,248	23.9%
PUBLIC FIDUCIARY	819,743	765,391	54,352	42,469	11,883	6.6%
PUBLIC HEALTH	2,511,285	2,205,824	305,461	147,721	157,740	12.2%
RECORDER	775,872	703,855	72,017	42,503	29,514	9.3%
SHERIFF	18,554,950	16,503,372	2,051,578	1,562,163	489,415	11.1%
SUPERINTENDENT OF SCHOOLS	760,311	621,551	138,760	30,291	108,469	18.3%
SUPERIOR COURT	17,642,530	17,183,654	458,876	649,488	(190,612)	2.6%
TREASURER	1,448,197	1,311,213	136,984	62,576	74,408	9.5%
	208,731,630	193,639,326	15,092,304	7,694,545	7,397,759	7.2%



The chart at right provides a comparison of gross personnel savings to net savings above budget for the General Fund vs. all funds (excluding grants).

YTD 2nd quarter FY 2001-02 General Fund *actual* personnel costs total \$193.8 million and *gross actual* personnel savings for the General Fund total \$15.1 million. General Fund *gross actual* personnel savings represent 7.8% of *actual personnel costs*.



Through *Managing for Results* initiatives, departments are better able to measure their personnel costs and associated personnel savings results in terms of attaining strategic objectives. Personnel resource utilization can now be captured at the Program, Activity and Service level. This added dimension of capturing and allocating personnel costs provides management with the means for improving its fiscal accountability to employees and citizens alike while maintaining its strategic position in the local labor market.



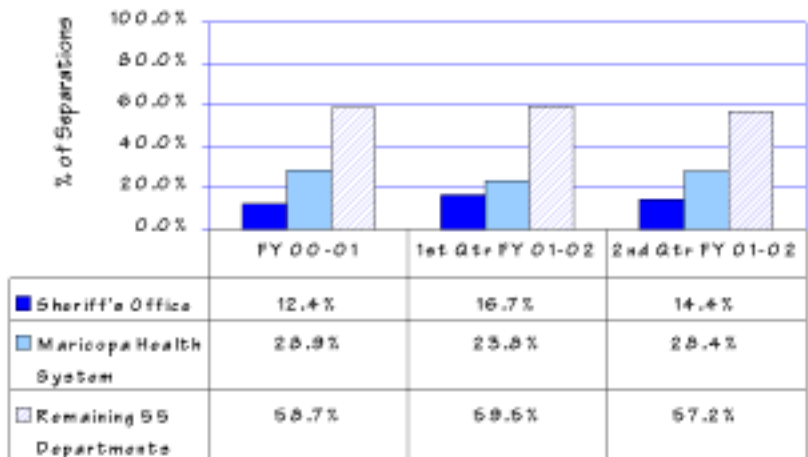
Attrition & Vacancy Rates

Maricopa County utilizes the Bureau of National Affairs, Inc., (BNA, Inc.), formula for calculating attrition and annualizes the result in order to compare itself to other public and private sector organizations. Maricopa County's *annualized* 2nd quarter FY 2001-02 BNA, Inc., calculated attrition, or turnover stands at 13.4%, down 7 basis points from the 1st quarter's 20.4%. This major reduction in attrition is directly related to the significant drop in separations during the 2nd quarter FY 2001-02.

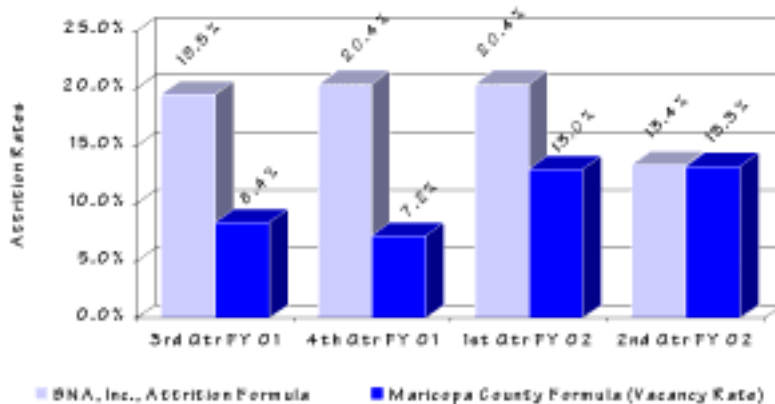
Two departments have the greatest impact upon BNA, Inc., calculated attrition due to their high rate of employee separations. As demonstrated on the chart at right, the Sheriff's Office and the Maricopa Health System maintain the highest separation rates in the County.

The BNA, Inc. calculated attrition formula looks at separating employees (true attrition based upon employees leaving the County) versus the number of vacant positions (or vacancy rate) as compared to the County formula⁵. During departmental strategic planning and the annual

SEPARATION COMPARISONS



MARICOPA COUNTY'S ATTRITION & VACANCY RATE COMPARISONS



budget process, an emphasis is placed upon the BNA, Inc., formula in order to highlight possible retention issues. Vacant positions are then examined to ensure correct funding levels through the use of the vacancy rate or Maricopa County calculated formula for turnover.

The chart at left shows Maricopa County's BNA, Inc., calculated attrition to that of Maricopa County's own formula or vacancy rate calculation.

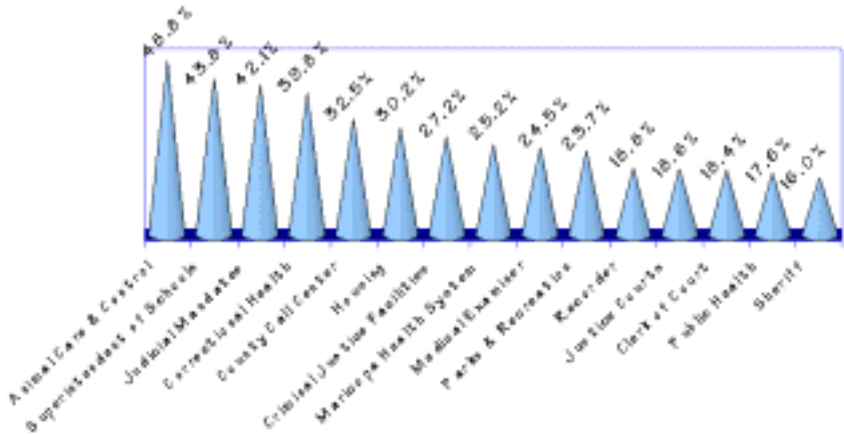
⁵ The formula used to calculate Maricopa County's vacancy rate, compares the number of vacant positions to total authorized positions.



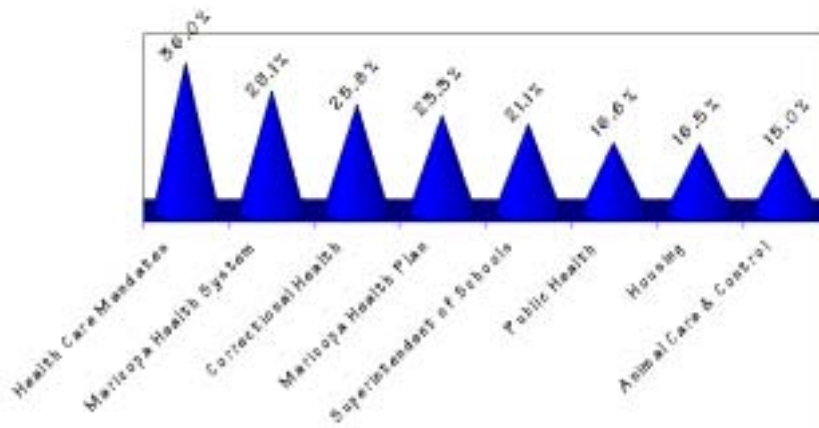
Departments with more than 25 employees, showing the highest rates of BNA, Inc., calculated attrition are provided on the chart at right. These departments have the highest rate of employee separations compared to the total number of regular employees on their payroll.

Issues are being addressed to reduce the relatively high turnover in these departments.

HIGHEST AVERAGE YTD 2ND QUARTER BNA, INC., CALCULATED ATTRITION



HIGHEST AVERAGE YTD 2ND QUARTER COUNTY CALCULATED ATTRITION



Departments with more than 25 employees, showing the highest average rates of County calculated attrition, average rates higher than the Countywide average of 13.2%, are provided on the chart at left. These departments have the highest rate of employee vacancies compared to the total number of positions authorized in the budget.

Issues are being addressed to reduce the relatively high vacancy rates in these departments.



MARICOPA COUNTY FINANCIAL AND PERSONNEL RESULTS REPORT 2ND QUARTER FY 2001-02



The table below compares the "YTD 2nd Quarter FY 2001-02 County Vacancy Rate/Attrition" to the "YTD 2nd Quarter FY 2001-02 Annualized BNA Calculated Attrition".

AGENCY NAME	YTD 2ND QUARTER COUNTY CALCULATED VACANCY RATE/ ATTRITION	YTD 2ND QUARTER ANNUALIZED BNA CALCULATED ATTRITION
ADULT PROBATION	7.3%	11.3%
ANIMAL CARE AND CONTROL	15.0%	51.7%
ASSESSOR	6.9%	13.3%
BOARD OF SUPERVISORS CLERK	12.5%	0.0%
BOARD OF SUPERVISORS DISTRICT 1	12.5%	0.0%
BOARD OF SUPERVISORS DISTRICT 2	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 3	0.0%	0.0%
BOARD OF SUPERVISORS DISTRICT 4	16.7%	0.0%
BOARD OF SUPERVISORS DISTRICT 5	0.0%	0.0%
CLERK OF SUPERIOR COURT	10.4%	17.7%
COMMUNITY DEVELOPMENT	0.0%	0.0%
CONSTABLES	0.0%	0.0%
CORRECTIONAL HEALTH	25.8%	34.4%
COUNTY ADMINISTRATION OFFICE	13.9%	12.5%
COUNTY ATTORNEY	8.2%	12.4%
COUNTY CALL CENTER	6.1%	31.3%
CRIMINAL JUSTICE FACILITIES	0.0%	0.0%
DEPARTMENT OF FINANCE	12.2%	12.9%
ELECTIONS	0.9%	15.1%
EMERGENCY MANAGEMENT	0.0%	0.0%
ENVIRONMENTAL SERVICES	9.1%	9.3%
EQUIPMENT SERVICES	2.4%	3.3%
FACILITIES MANAGEMENT	8.7%	16.4%
FLOOD CONTROL DISTRICT	7.2%	10.6%
GENERAL GOVERNMENT	0.0%	0.0%
HEALTH CARE MANDATES	36.0%	25.6%
HOUSING	16.5%	30.2%
HUMAN RESOURCES	6.0%	13.2%
HUMAN SERVICES	9.6%	15.4%
INDIGENT REPRESENTATION	5.3%	11.2%
INTEGRATED CRIMINAL JUSTICE INFORMATION SYSTEM	3.6%	0.0%
INTERNAL AUDIT	0.0%	0.0%
JUDICIAL MANDATES	7.3%	42.1%
JUSTICE COURTS	6.4%	17.0%
JUVENILE PROBATION	6.1%	11.7%
LIBRARY DISTRICT	12.2%	13.7%
MANAGEMENT & BUDGET	13.2%	11.8%
MARICOPA HEALTH PLAN	23.3%	14.4%
MARICOPA HEALTH SYSTEM	29.1%	24.7%
MATERIALS MANAGEMENT	6.4%	11.4%
MEDICAL EXAMINER	8.7%	23.7%
OFFICE OF THE CIO	7.6%	9.7%
PARKS & RECREATION	9.0%	22.2%
PLANNING & DEVELOPMENT	3.3%	5.8%
PUBLIC FIDUCIARY	8.6%	12.5%
PUBLIC HEALTH	16.6%	17.8%
RECORDER	5.8%	9.1%
RESEARCH & REPORTING	33.3%	0.0%
RISK MANAGEMENT	5.0%	0.0%
SHERIFF	6.9%	15.9%
SOLID WASTE GENERAL	16.7%	20.0%
STADIUM DISTRICT MLB	0.0%	0.0%
SUPERINTENDENT OF SCHOOLS	21.1%	37.0%
SUPERIOR COURT	4.7%	15.1%
TELECOMMUNICATIONS	4.7%	4.9%
TRANSPORTATION	10.3%	14.0%
TREASURER	11.7%	3.6%
TOTAL	13.2%	16.6%



As of December 31, 2001, a total of 2,134 positions were vacant Countywide and a total of 1,149 employee separations had taken place. 19 or 33.3% of the total 57 County departments made up 94.4% of total positions vacant and 92.1% of total separations. Those 19 departments with the highest number of vacant positions and the highest number of separations are listed on the table below.

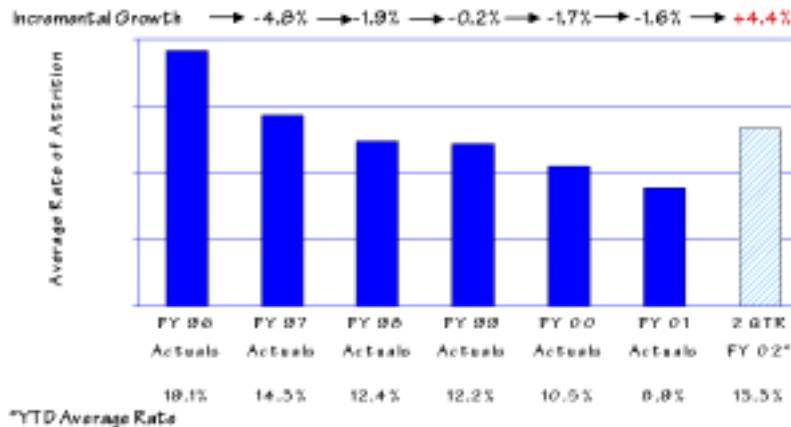
DEPARTMENT NAME	AS OF 12/31/01 POSITIONS VACANT	YTD 2ND QTR POSITIONS SEPARATED
ADULT PROBATION	85	62
ANIMAL CARE AND CONTROL	21	31
ASSESSOR	21	20
CLERK OF SUPERIOR COURT	58	53
CORRECTIONAL HEALTH	56	33
COUNTY ATTORNEY	66	53
ENVIRONMENTAL SERVICES	24	12
FACILITIES MANAGEMENT	24	17
HUMAN SERVICES	47	24
INDIGENT REPRESENTATION	28	28
JUSTICE COURTS	17	24
JUVENILE PROBATION	51	45
LIBRARY DISTRICT	23	8
MARICOPA HEALTH PLAN	112	26
MARICOPA HEALTH SYSTEM	1,051	297
PUBLIC HEALTH	80	40
SHERIFF	159	183
SUPERIOR COURT	39	71
TRANSPORTATION	52	31
SUB-TOTAL	2,014	1,058
COUNTYWIDE TOTALS	2,134	1,149
19 OF 57 TOTAL COUNTY DEPARTMENTS	94.4%	92.1%

Attrition is an indication of how well employers hold on to their employees. Maricopa County continues to examine employee issues in combination with recruitment and retention efforts in order to stem the tide of employee *separations*.

Vacant positions indicate how well employers utilize employees in relationship to results achieved. Maricopa County continues to assess staffing levels and vacancy rates in order to determine whether operational issues are adequately addressed.



MARICOPA COUNTY INCREMENTAL ATTRITION RATES



A marked *decrease* in County calculated attrition⁶ occurred between FY 1995-96 and FY 2000-01, as the County experienced a *reduction* in the total number of *vacant positions* as compared to those authorized in the budget process. As demonstrated on the chart at left, the YTD 2nd quarter FY 2001-02 attrition rate⁷ increased significantly from the FY 2000-01 average. This is primarily due to newly budgeted positions in the healthcare arena that remain unfilled or vacant, and vacancies as shown on the previous page.

Departments showing the highest vacancies as of June 30, 2001 are listed on the table below⁸ as are the total vacant positions at the end of the 1st and 2nd quarters of FY 2001-02 and vacancy rates as of December 31, 2001. High vacancies alone do not equate to high vacancy rates. The number of vacant positions as compared to the total number of positions authorized in the budget process completes the vacancy rate equation.

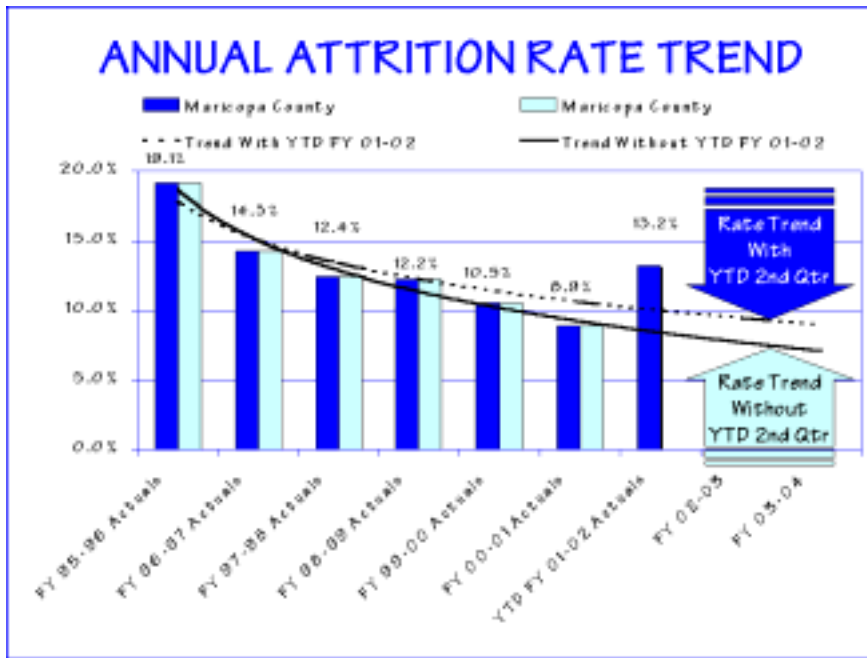
Department	Vacancy Rates as of 12/31/01	Vacancies as of 6/30/01	Vacancies as of 9/30/01	Vacancies as of 12/31/01
Maricopa Health System	29.1%	814	904	1,051
Sheriff	6.9%	181	184	159
Maricopa Health Plan	23.3%	124	101	112
Public Health	16.6%	54	94	80
Adult Probation	7.3%	76	87	85
County Attorney	8.2%	76	84	66
Clerk of Superior Court	10.4%	73	77	58
Superior Court	4.7%	61	52	39
Correctional Health	25.8%	52	64	56
Transportation	10.3%	52	50	52

Managing vacancies is a results oriented strategic activity. Goals need to be identified and achievements measured to determine if the workforce delivers the programs, activities and services in achieving desired results at a desired level of employment.

⁶ Countywide vacancy rates.

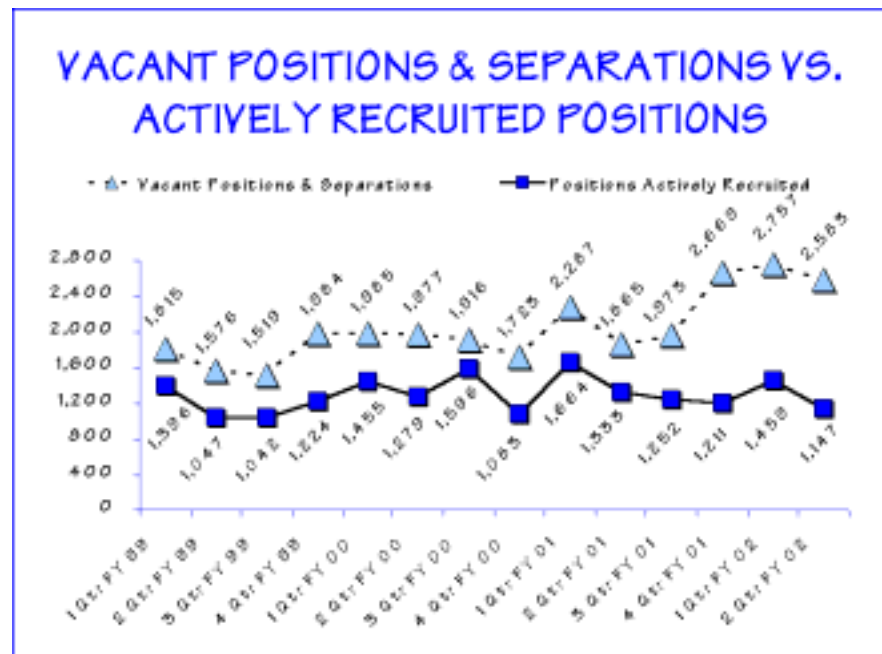
⁷ AKA vacancy rate.

⁸ Departments with small numbers of employees (less than 25) are not used for demonstration purposes. A change of one or two vacancies, positions or terminations in small departments reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.



As shown on the chart at left, Maricopa County's calculated incremental attrition/vacancy rate trend without the YTD 2nd quarters FY 2001-02 declined by over 53% since FY 1995-96. The incremental attrition/vacancy rate trend with the YTD 2nd quarter FY 2001-02 declines by only 32%.

The chart at right shows the number of positions vacant at the end of the 2nd quarter FY 2001-02, including separations occurring throughout the quarter, as compared to the total number of positions actively recruited during the quarter. Analysis of this data assists management in determining the impact of recruitment efforts on attrition.



Attrition may be directly related to employee satisfaction. Employee issues are addressed through employee satisfaction survey results annually. Maricopa County continues to place an emphasis on employee compensation through market equity, performance management, competitive benefits and employee growth opportunities, such as tuition reimbursement. Market equity has been achieved through salary surveys and other ongoing initiatives to retain capable and responsible staff. By attaining a level of pay, benefits and other compensation options for all employees addresses past issues that have hindered the County's ability to attract and retain a quality workforce.

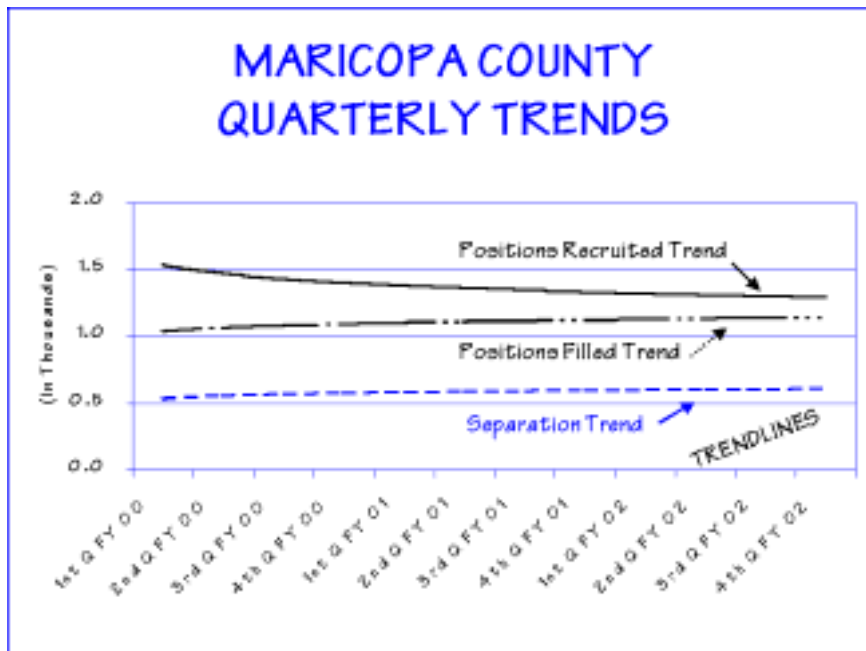


Employee Retention

Separations impose significant financial and operational impacts to County departments. Recruiting, selecting, hiring, and training new employees involve costs other than time and money. Employee morale plummets as remaining employees attempt to fill-the-gap. Customer relationships may suffer as well as productivity.

Employee retention requires workplace balance between what employee's want in their lives and what the County requires to meet its' citizens' needs.

Maricopa County strives to maintain that balance by providing highly competitive compensation in various forms. The chart at right provides a glimpse of the competitive incentives provided it's employees. These programs are key incentives to the County's successful retention of quality employees.



Evaluating the County's personnel retention programs through measurable performance results in such areas as employee satisfaction, recruitment strategies and employee separations play a crucial role in identifying employee needs.

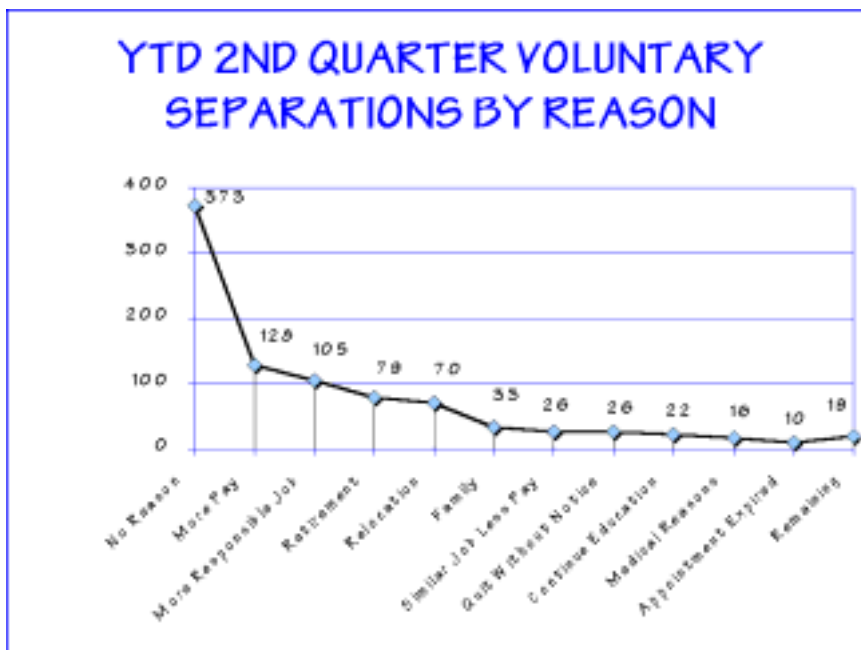
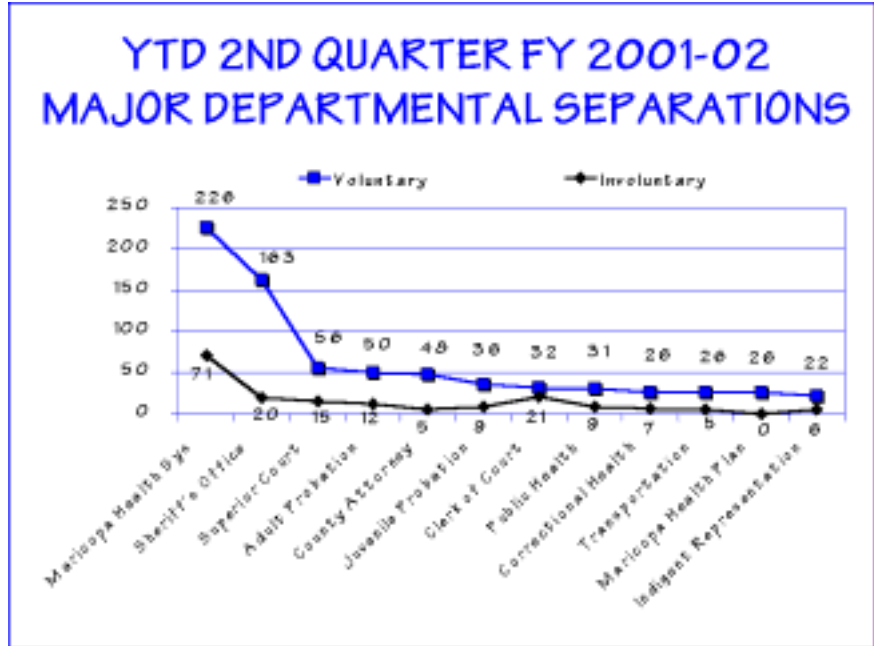
One measure of retention success is demonstrated through the trend results provided on the chart at left. The separation, recruitment, and positions filled trendlines appear flat through fiscal year-end.



Separation information is vital to improving the quality of working life as well as solving attrition issues. Separations remain a key indicator of employee satisfaction and provide management with an opportunity to assess and resolve staffing issues.

YTD 2nd quarter FY 2001-02 separations total 1,149. The departments showing the largest number of total separations are provided on the chart at right. Major departmental separations are broken-out by voluntary and involuntary.

Management is able to address current issues, increase employee satisfaction and reduce the number of employees leaving the County voluntarily by examining separation reasons. Information provided by separating employees is a critical factor in improving the work environment, quality of work generated and customer satisfaction.



The chart at left shows the major YTD 2nd quarter FY 2001-02 voluntary separations by reason as provided by departments at the time of employee separation. Departments collect separation data upon termination of employment for reporting purposes.

Emphasis is placed upon voluntary separations due to their greater impact on attrition, employee morale, and customer service.

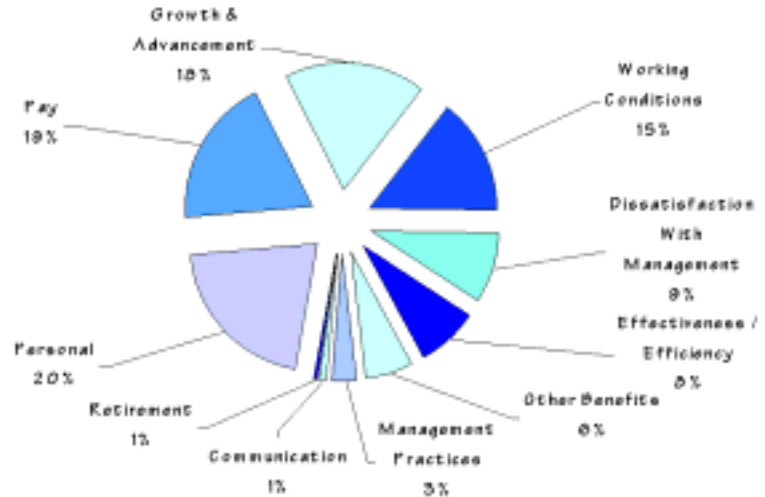
Maricopa County's Research and Reporting department conducts confidential exit interviews shortly after an employee separates. The result of the interviews is compiled and reported in such a way as to maintain the privacy of the individuals interviewed. It is believed that this information is more accurate than the information obtained by the department due to the ability to maintain anonymity.



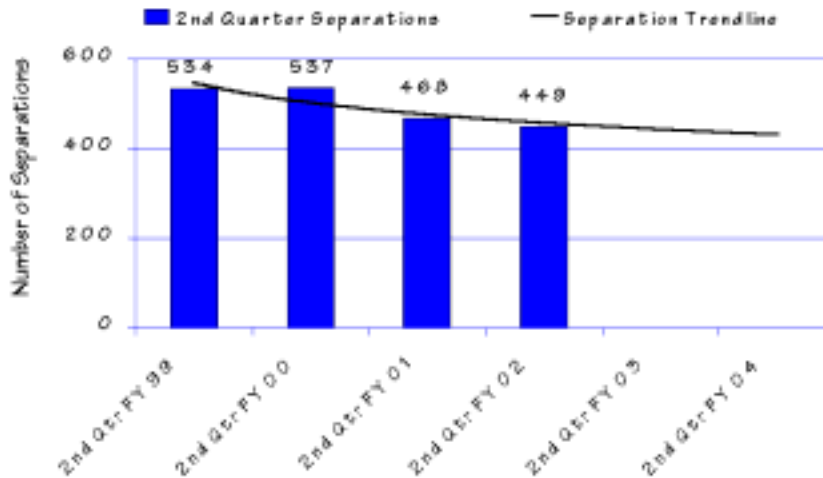
The chart at right provides the top voluntary separation reasons given by employees after separating through the exit interview process, as performed by the County's Research and Reporting department.

The top reasons employees leave the County, outside of personal reasons, are for more pay, and personal growth and advancement.

YTD 2ND QUARTER EXIT INTERVIEW VOLUNTARY SEPARATION REASONS



2ND QUARTER SEPARATION TREND

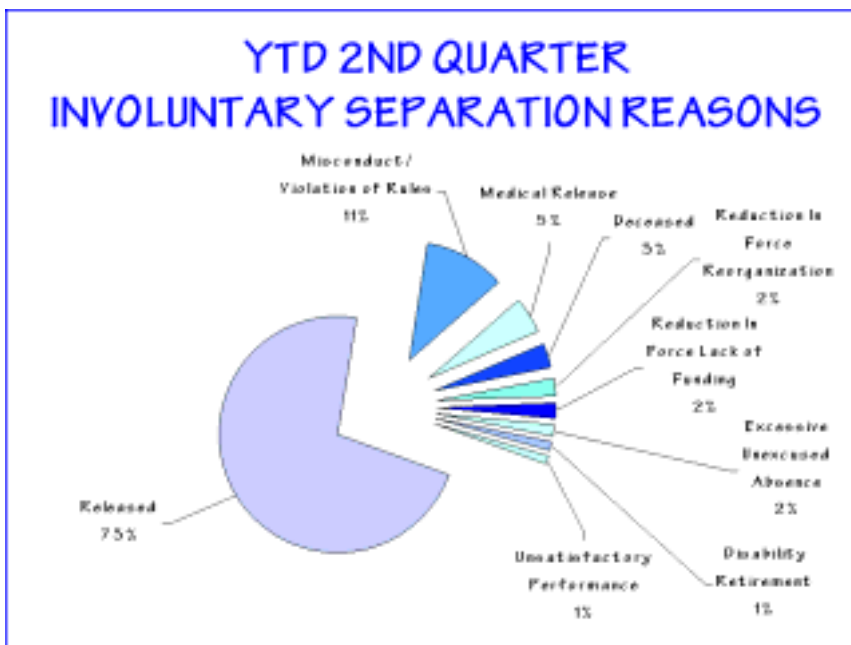
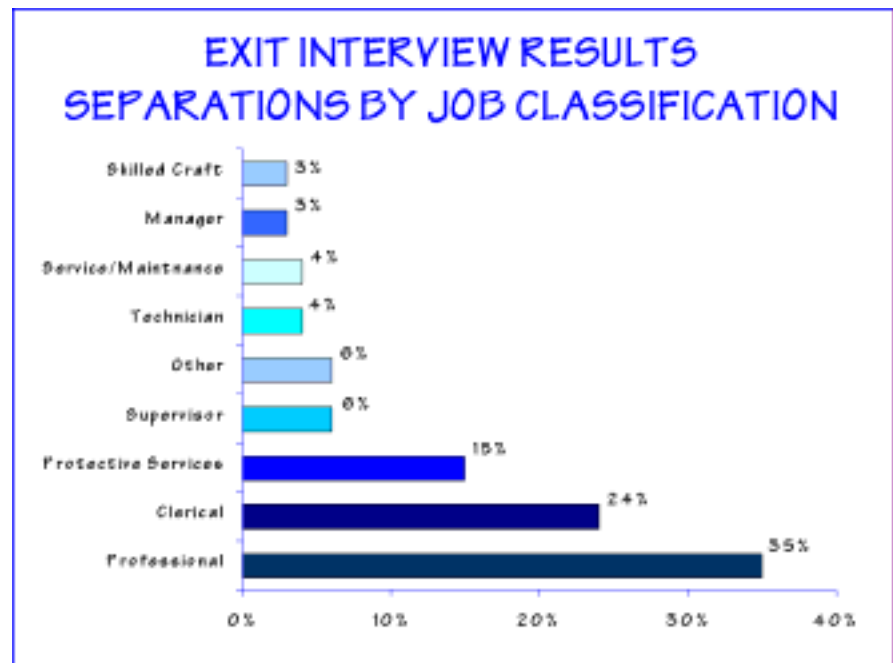


The good news is that separations have reduced significantly, down from 701 in the 1st quarter to 449 in the 2nd quarter FY 2001-02.

The chart at left shows the annual 2nd quarter trend in separations.



The chart at right shows the job classifications of employees leaving the County voluntarily during 2001. This information was obtained via exit interviews performed after separation from County employment.



Maricopa County YTD 2nd quarter FY 2001-02 involuntary separations by category are shown on the chart at left. 73% of involuntary separations are due to employees released while on initial probation or involuntary leave from unclassified status. The number of employees released may be reduced through recruiting, hiring and training practices.

It is incumbent upon management to analyze employee separation reasons in order to develop retention strategies. Successful employee retention results require knowledge of employee issues,

knowledge of the competition in the local job market and a management team that is equipped to assess emerging personnel trends in order to promote a climate where employees are provided personal and career growth opportunities. Maricopa County's retention strategy strives to meet these objectives while increasing resource accountability through an ongoing commitment to attract and retain highly qualified, diversified and satisfied employees. The County now maintains strategic processes through Managing for Results that are geared to align employee performance with a personal commitment and cooperation in achieving and maintaining Countywide strategic goals while stemming the flow of quality individuals leaving its employ.



New Directions

In an effort to develop strategic staffing plans Countywide, Maricopa County began the process of Workforce Planning (WFP). WFP is the process of examining and defining a department needs from a staffing perspective in order to achieve results expected over a given period of time. WFP requires defining personnel skill-sets, knowledge and experience related to achieving results set-forth in the WFP. The systematic approach to WFP by a department ensures a more accurate alignment of the Department Strategic Plan with the Workforce to deliver its programs and services. The impact of accomplishing this alignment is a more effective utilization of employees in attaining strategic goals.

Maricopa County continues to develop programs to enhance employee satisfaction and motivation. Programs currently in place address employee compensation, health issues, morale, productivity and organizational knowledge that enhances a personal commitment and cooperation in attaining Countywide objectives.

Employee satisfaction is a major concern of management. Maricopa County departments are eager to resolve any issues addressed in the annual Employee Satisfaction Surveys. During the 2nd quarter of FY 2001-02, Work Climate Assessment Surveys for various departments were conducted collaboratively with Maricopa County's Ombudsman in an effort to ascertain and resolve dissatisfaction indicated in certain areas of Employee Satisfaction Surveys.

Maricopa County continues to focus on *Managing for Results* initiatives in order to promote accountability to citizens and enhance the quality of life for all residents, while increasing employee satisfaction. The County began its second budget season utilizing MfR strategic planning processes, another tool for management to use in order to improve its decision-making processes.